United Nations A/54/278

General Assembly

Distr.: General
25 August 1999
English
Original: French

Fifty-fourth session
Item 20 (b) of the provisional agenda*
Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance: special economic assistance to individual countries or regions

Special assistance for the economic recovery and reconstruction of the Democratic Republic of the Congo

Report of the Secretary-General

I. Introduction

1. In accordance with the provisions of General Assembly resolution 53/1 L, of 7 December 1997, the present report describes the financial and material assistance provided by the United Nations system to the Democratic Republic of the Congo in its economic recovery and reconstruction process.

II. General context of the Democratic Republic of the Congo

2. The area of the Democratic Republic of the Congo is 2,345,000 square kilometres, making it the third-largest country in all Africa. It shares borders with nine other countries: the Republic of the Congo to the north-west, the Central African Republic to the north, the Sudan to the north-east, Uganda, Rwanda, Burundi and the United Republic of Tanzania to the east, Zambia to the south-east and Angola to the south-west. The westernmost extremity of the country is a short stretch of seacoast on the Atlantic Ocean. In terms of relief, the Democratic Republic of the Congo consists essentially of a gigantic flat-bottomed central basin, taking up 47 per cent of the country, the edges of which rise gradually to altitudes of between 500 and 1,500 metres, and to even more impressive heights of over 1,500 metres in its eastern part.

* A/54/150.

99-24628 (E) 290999 011099

3. The population of the Democratic Republic of the Congo, growing as it is at an average rate of just over 3 per cent annually, was nearly 46 million in 1997 and is likely to increase to over 48 million by the year 2000 and to over 50 million by 2002. There are some ten cities with between 100,000 and 600,000 inhabitants, while the capital, Kinshasa, accounts for approximately 5 million of the country's 18 million city-dwellers.

4. As a result of the change of political regime in May 1997, the democratic process has begun to show signs of reviving. A constitutional commission was established in October 1997; its work has resulted in an initial draft constitution. After the President of the Republic had confirmed, in September 1998, that a referendum and elections would be held in 1999, a commission for institutional reform was set up with the task of drafting the various statutory instruments required for continuance of the democratization process. A further step was taken on 29 January 1999, with the issuance of a legislative decree relating to the establishment and organization of political parties and organizations.

5. The present armed conflict, which broke out in August 1998 and has engulfed over half the country, has undone much of the good work done since May 1997, reversing priorities and frustrating the initiatives of the new Government. This situation, inevitably, has delayed the establishment of the various institutions required for the renewal of the democratic process. The war first broke out in Kinshasa as well as in Bukavu and Goma, two major cities in the easternmost region of the country, near the Rwandan border.

6. As regards the macroeconomic situation generally, the economy has been stagnating since 1990. Between 1989 and 1996, GDP growth was negative. The Government's financial situation is characterized by a steepening decline in tax revenues. Whereas the tax-GDP ratio was 17 per cent before independence, by 1996 that indicator had fallen to the unprecedentedly low level of 4.7 per cent. In June 1998, a monetary reform was introduced in an attempt to, *inter alia*, unify the country's several monetary zones and combat hyperinflation, but the expansion of the war has deprived the economy of a major part of the production required for monetary stability. The expedient of printing money in order to finance budget deficits has merely resulted in a further depreciation of the Congolese franc.

III. Economic measures

7. In 1997 the Government adopted its Triennial Minimum Programme, which identifies the national reconstruction needs of the Democratic Republic of the Congo and outlines the Government's medium-term priorities. The Economic Stabilization and Recovery Programme, which was presented at the "Friends of the Congo" meeting held in Brussels in December 1997, is the first stage in the execution of the Triennial Minimum Programme. It sets forth the various measures (macroeconomic adjustment, economic recovery and the halting of the loss of human capital) that are most urgently required.

8. In an effort to attain the objectives set out in the Triennial Minimum Programme, the Government has assigned top priority to the reconstruction of the State, paying particular attention to the tasks of defining its missions more closely and operating more effectively. This is one reason why the Government has opted for a social market economy and selected the subsidiarity principle as the basis for the sharing of roles between the State and other actors (including the private sector, associations, non-governmental organizations, decentralized organizations, etc.).

9. Under the Government's strategy, the private sector will be the main force driving growth in the years ahead. However, in order for a development strategy based on the private

sector to succeed, a modern, efficient public sector is also essential. Accordingly, the Government has articulated its strategy around the following four themes:

(a) Maintaining a high-quality macroeconomic environment;

(b) Fostering an environment favourable to wealth creation;

(c) Redefining the role of the State, with a view to enhancing the quality and effectiveness of public services;

(d) Reforming the financial system.

10. The effective implementation of all the above is a necessary precondition for renewed private investment, domestic or foreign. At present, individuals and corporate entities in the private sector invariably operate on a short-term basis. The re-establishment of a modern, efficient State should restore their confidence in the future and enable them to make choices for the medium term.

11. Despite the crisis and the civil war with which the Democratic Republic of the Congo is currently afflicted, the Government has taken a number of economic measures framed both to accommodate the various aspects of the country's development and to address the need to resolve the crisis and end the state of emergency.

12. It is important to note, however, that the hopes raised by the "Friends of the Congo" meeting have not been realized, as a result of various disagreements between the Democratic Republic of the Congo and the international community. Despite a number of World Bank missions and various meetings of its Steering Committee, the trust fund set up at Brussels for the purpose of supporting the reconstruction effort has been unable to function. As a result, the country has been deprived of a resource essential to its economic recovery. Broadly speaking, the first and second halves of 1998 were characterized by markedly different trends in economic indicators. The period extending from January to July was marked by budgetary management aimed at restricting money creation. This revamped macroeconomic framework led to the successful introduction of the Congolese franc on 30 June 1998, despite continued deflation accentuated by rigorous management of public finances and the absence of outside funding. The period extending from August to December, for its part, was attended by difficulties arising from the war in the eastern region of the country, which led to:

(a) A slackening of budgetary discipline owing to falling revenues and new funding priorities as a result of the war;

(b) Suspension of foreign debt payments (to the International Monetary Fund (IMF);

(c) A loss of monetary stability, with a widening gap between the official rate of exchange and the black-market rate;

(d) A three-figure cumulative rate of inflation.

13. Economically, the Democratic Republic of the Congo has reached an impasse. As regards production, the downturn continued in 1998. The impact of the war has been catastrophic: all activity in the eastern part of the country has been paralysed, and production has declined by 10 per cent over the past two years, with a total decrease of over 50 per cent since the beginning of the 1990s. Updated forecasts for 1998 issued in June had assumed that growth would be stagnant (-0.7 per cent, in contrast to a budget target of 2.5 per cent), but national accounts estimates suggest that growth in 1998 actually fell off by 3.5 per cent.

14. It thus appears that the war has deepened the recession experienced in the first half of the year, both by paralysing all economic activity in the country's eastern region (supply effect) and by causing production to shrink in the rest of the country (demand effect resulting

from the collapse of household income and the downward revision of non-war-related public expenditure).

15. Damage to basic infrastructure has been severe in areas affected by the war, especially in the eastern and south-western regions of the country. Damage has been estimated at several hundred million United States dollars. A more precise assessment must await subsequent investigation, but clearly the situation of the people, which was already precarious, has become even worse.

IV. Situation and challenges relating to governance

16. The situation being experienced by the Democratic Republic of the Congo has aggravated problems relating to governance and posed the following major challenges:

(a) Restoration of an environment favourable to the consolidation of peace and security, reconstruction and revival of sustainable human development;

(b) Establishment of a favourable climate for the electoral process and democratic institutions;

(c) Reform of the civil service and transparency in the administration of public affairs;

(d) Reform of the judiciary in order to ensure impartial proceedings and to protect transactions and property;

(e) Capacity-building of local institutions and grass-roots communities in order to enhance their participation in development.

V. Situation and challenges of sustainable economic and human development

17. With 125 million hectares of forest covering half its territory, the Democratic Republic of the Congo possesses 47 per cent of the African tropical forests and 6 per cent of the world's reserves. This wealth is being exploited to some extent, although the wildlife parks and flora in the eastern part of the country were severely damaged between 1994 and 1997 by the influx of refugees and displaced persons, which caused serious problems of erosion, deforestation and over-exploitation of natural resources. The situation has been aggravated by the conflict now raging in the eastern part of the country. Trees will have to be replanted on an estimated 4,000 hectares in Nord-Kivu and an estimated 2,000 hectares in Sud-Kivu; this reforestation does not take into account destroyed forest cover in the nature reserves.

18. The Democratic Republic of the Congo has endorsed the recommendations of the United Nations Conference on Environment and Development (Rio de Janeiro, June 1992) and has adopted the Agenda 21 guidelines. It has ratified and signed a number of conventions on desertification, biodiversity, climate change, the Montreal Protocol on Substances that Deplete the Ozone Layer, the Wetland Convention and the Convention on International Trade in Endangered Species of Wild Fauna and Flora. The Democratic Republic of the Congo has already begun to formulate strategies and plans of action to ensure the sustainable utilization and conservation of its resources.

19. The reconstruction of the State cannot be effective in the medium and long term unless it has the financial and human capacities to enable it to assume responsibility for its

traditional duties. At the meeting of the "Friends of the Congo", most of the donors expressed the desire to carry out their future activities within the framework of a coherent medium- and long-term reconstruction and socio-economic development programme. However, national capacities to follow up current activities, formulate development strategies and undertake negotiations with the private sector have greatly deteriorated. The following should be stressed:

(a) Weakness of the capacity to analyse and formulate strategies and policies;

(b) Shortage of equipment and failure to function of the institutional environment;

(c) Inadequacy of public finances management;

(d) Comprehensive lack of reliable statistical information.

VI. Cooperation between the Democratic Republic of the Congo and the United Nations

20. The Government and the United Nations system are in agreement with regard to recovery and reconstruction needs. In this connection, the entire United Nation system operating in Kinshasa has agreed to harmonize its cooperation programmes, whose execution should coincide with the Government's Triennial Minimum Programme. In this context, the process of elaborating a common country assessment for the Democratic Republic of the Congo is under way and should culminate in the elaboration of a strategy note.

21. It should be noted that the Government of the Democratic Republic of the Congo has assisted and protected the civilian population, in particular ethnic minorities, including refugees and displaced persons. In this connection, various humanitarian appeals have been issued to a number of the country's development partners. These appeals have met with a favourable response, particularly in the following areas:

(a) Health (haemorrhagic fever epidemic, expanded programme on immunization (EPI) for children, rehabilitation of health infrastructures, etc.);

(b) Food security;

(c) Water supply;

(d) Security and voluntary repatriation of populations originating in conflict countries.

22. Aware of the seriousness of the situation, the entire United Nations system in Kinshasa has intervened at various levels, each agency in its respective sphere of activity, by incorporating the emergency humanitarian activities necessitated by the crisis in the Democratic Republic of the Congo in its traditional programme. The crisis management committees set up at both the central and provincial levels have received the support of the United Nations system, which has mobilized other partners and coordinated their operations.

23. The contribution of the various United Nations agencies to the economic recovery and reconstruction efforts of the Democratic Republic of the Congo is summarized below.

24. The United Nations Development Programme (UNDP), in addressing the current situation in the Democratic Republic of the Congo, has continued to shift the focus of its activities to the central themes of sustainable human development and poverty alleviation in order to promote economic recovery and national reconstruction. Within the context of poverty alleviation, it should be noted that:

(a) Support for the National Agricultural and Rural Sector Recovery Programme has made it possible to provide technical support to farmers and to make available certain inputs, particularly fertilizer and seeds;

(b) Women have been given support and training in order to enhance their role as actors in economic development;

(c) Support for the health sector has been aimed at improving quality and facilitating access to health services. With the cooperation of the World Health Organization (WHO), UNDP has formulated a national health development plan, elaborated strategies for providing care to persons infected with HIV/AIDS and launched pilot activities in six of the country's eleven provinces;

(d) Health infrastructures have been rehabilitated, particularly in the war-torn provinces;

(e) The Congolese educational system has been revamped in order to adapt it to current requirements.

25. In the field of the environment and natural resource management, UNDP support is being given for implementation of the recommendations of the United Nations Conference on Environment and Development. This involves the formulation of action plans and strategies aimed at ensuring the conservation and sustainable utilization of environmental resources (National Action Plans on Environment, Biodiversity and Climate Change). In this same vein, the National Action Plan on Habitat is being formulated and pilot activities to install sanitation facilities are under way. This work will enable the Government both to outline a policy in this area in order to ensure access to adequate housing and to undertake consultations with development partners with a view to its implementation.

26. In the area of governance and development management, UNDP, within the context of the implementation of the conclusions of the meeting of "Friends of the Congo", has helped the Government to elaborate its National Capacity-building Programme. The implementation of this programme will enable the Government to acquire the technical capacity to support the process of economic stabilization and recovery and initiate structural reforms aimed at improving both the institutional and legal environments, a sine qua non for the revival of traditional cooperation with various partners of the Democratic Republic of the Congo.

27. Apart from its development support programmes, UNDP, in cooperation with the Office for the Coordination of Humanitarian Affairs, has supported efforts to coordinate humanitarian assistance through inter-agency missions providing technical and logistical support to current operations. These missions have made it possible to assess needs and strengthen initial crisis management at the provincial level. The coordination of humanitarian activities has also been facilitated by the continuation of weekly technical meetings and by the support and advice of the Emergency Relief Coordinator. The Kinshasa crisis in August/September 1998 led UNDP to provide technical support to the newly formed Kinshasa Crisis Committee, responsible for taking over and building on the preliminary efforts of the United Nations Disaster Management Team. In the Kivu provinces, emergency rehabilitation of public facilities and support for community-level initiatives have made it possible to provide ongoing support for community survival efforts.

World Food Programme

28. The World Food Programme (WFP) has developed its activities in Kisangani for those affected by floods and for displaced persons. In response to the Kinshasa crisis (August/September 1998), a food distribution operation was carried out for 120,000 recipients selected from among those most seriously affected by the armed conflict. Food assistance programmes have also been carried out and are still under way for the Angolan refugee populations in Bandundu, in Bas-Congo and in Katanga, and for the refugee population from the Republic of the Congo in Bas-Congo.

Office of the United Nations High Commissioner for Refugees

29. The Office of the United Nations High Commissioner for Refugees (UNHCR) has made efforts to restart humanitarian assistance in 1999. These efforts have been dependent on the political situation and security conditions, both within the country and throughout the region, and, of course, on access to refugees. Although developments in the Democratic Republic of the Congo have severely impaired operational capacity, UNHCR has continued, throughout 1998 and in 1999, to provide assistance to Sudanese (60,000), Angolan (130,000) and Burundian (11,600) refugees and to conduct its voluntary repatriation programme for Congolese, Angolan, Burundian, Rwandan and Ugandan refugees.

United Nations Children's Fund

30. The United Nations Children's Fund (UNICEF) has continued its humanitarian activities for women and children — support for the expanded programme on immunization, monitoring and response to possible epidemics (including cholera and Province Orientale and Sud-Kivu), rehabilitation of health facilities and assistance to children in need of special protection measures — in the eastern provinces. The outbreak of the latest armed conflict in August 1998 interrupted most of the activities in the eastern part of the country. In its regular programme, UNICEF support has enabled schools to reopen in eight provinces and has facilitated activities relating to the national expanded programme on immunization and projects to provide assistance to children working in the Kasaï-Oriental mineral fields. UNICEF has also supported the preparation and conduct of national vaccination days, initially scheduled for August but actually held in December 1998 and January 1999 in six provinces.

World Health Organization

31. The World Health Organization (WHO) has geared its activities to the year's events. In cooperation with UNICEF and other partners, it has played a role of primary importance in vaccinating children. With financing from UNDP, it has carried out projects in three main areas:

(a) Epidemiological surveillance and rapid response to epidemics and disasters through activities carried out by its seven provincial field offices;

(b) Disease control, including support for specialized health programmes;

(c) Support for the formulation and implementation of a plan to rehabilitate the health system.

United Nations Population Fund

32. The United Nations Population Fund (UNFPA), working with the Government as well as with other agencies of the United Nations system, has begun the process of formulating its new country programme, scheduled to be launched in 2000 under the terms of the agreement reached by the group on the harmonization of programming cycles. UNFPA has continued to provide regular support to non-governmental organizations in the areas of HIV/AIDS, maternal mortality and the promotion of women.

Food and Agriculture Organization of the United Nations

33. The Food and Agriculture Organization of the United Nations (FAO), concentrated its humanitarian efforts in the Kivu provinces throughout the first half of 1998, planning the distribution of seed and tools in Nord- and Sud-Kivu, and emergency cattle vaccination campaigns in Sud-Kivu. Both national and international non-governmental organizations as well as local units of the Ministry of Agriculture participated in implementation. In addition, FAO launched an emergency programme for the supply of food crop seeds and hand tools to populations affected by the crisis in provinces under government control.

Office for the Coordination of Humanitarian Affairs

34. The Office for the Coordination of Humanitarian Affairs (OCHA) has worked closely with UNDP to coordinate humanitarian activities in the Democratic Republic of the Congo, and has collected and processed statistical data that has contributed to the formulation of contingency plans and the ongoing rehabilitation process. Follow-up and evaluation of the situation in Kalémie, Bukavu, Province Orientale and Nord-Kivu through the organization of inter-agency missions, together with analysis and proposals concerning the situation in Nord-Kivu, constitute other contributions to humanitarian coordination in the Democratic Republic of the Congo. since the outbreak of war in August 1998 it has been possible to re-establish a presence in the eastern part of the country and to define conditions for the provision of humanitarian assistance. The main challenges, initiatives, and achievements are as follows:

(a) The drafting, for the United Nations, non-governmental organizations and donors, in particular the European Community Humanitarian Office (ECHO), the International Committee of the Red Cross, of the Principles of Engagement for the Delivery of Humanitarian Assistance in the Democratic Republic of the Congo. These Principles, which emphasize the non-political nature of the humanitarian activities and the need to restore security and ensure access, follow-up and monitoring, were submitted to the Government of the Democratic Republic of the Congo as well as to the rebel authorities and were approved by all parties;

(b) The establishment of United Nations humanitarian offices in Goma and Bukavu.

(c) A firm commitment to defend the rights of minority populations and to seek solutions to the problems of groups vulnerable to persecution;

(d) The first direct humanitarian flights across the frontline between Kinshasa and Goma, organized by the United Nations;

(e) Support for the preparation of a national campaign against polio and appeals for restraint in the combat zones (quiet days);

(f) Negotiations for the return of looted and requisitioned goods belonging to the United Nations and to non-governmental organizations, and humanitarian assistance in certain areas of the country;

(g) A better understanding of the changing nature of the humanitarian situation in the Democratic Republic of the Congo. A series of inter-agency humanitarian evaluation missions has been conducted in Nord- and Sud-Kivu, Kisangani, Province Orientale, Katanga and the provinces of Ikela/Equateur, followed up by joint humanitarian action plans;

(h) The development of joint humanitarian assistance strategies for the United Nations system as a whole and the mobilization of resources for relief operations;

(i) The collection and processing of data with a view to drawing up contingency plans as part of the ongoing rehabilitation process.

Office of the United Nations High Commissioner for Human Rights

35. The Office of the United Nations High Commissioner for Human Rights has continued, with the assistance and cooperation of other agencies within the United Nations system, to encourage the Government to draw up a national plan for the promotion of human rights. These efforts have resulted in the convening of a number of seminars (for government officials, representatives of civil society and leaders of non-governmental human rights organizations) with a view to incorporating a human rights perspective into national reconstruction efforts. While conducting an ongoing analysis of the human rights situation, the Office of the High Commissioner has continued to carry out programmes aimed at strengthening non-governmental human rights organizations as well as national institutions for the promotion and protection of human rights.

VII. Humanitarian strategy of the United Nations

36. Following missions carried out by Martin Griffiths, Deputy Emergency Relief Coordinator and Berhanu Dinka, Regional Humanitarian Adviser for the Great Lakes Region and Representative of the Secretary-General, the close of 1998 saw a resurgence of humanitarian involvement, based on specific evaluation criteria and grounded in two joint undertakings by United Nations agencies and their principal international partners:

(a) The "Kigali Commitment"(drawn up in Kinshasa by the Emergency Relief Coordinator's team (agency chiefs)) setting out a humanitarian strategy for the Democratic Republic of the Congo as a whole;

(b) The "Nairobi Commitment"(the product of a joint meeting of ECHO and the Office for the Coordination of Humanitarian Assistance), provided that the agencies operating in the eastern part of the Democratic Republic of the Congo would conduct activities on the basis of the same principles and operating conditions. In a similar spirit, the group agreed that, although it would endeavour to respect insofar as possible any restrictions imposed by the Congolese authorities, it could not rule out options that would allow for more effective and less costly humanitarian assistance.

37. These principles and commitments have been implemented throughout Nord-Kivu, Sud-Kivu and Province Orientale. In regions under government control, however, assistance and evaluation of the humanitarian situation have depended on a decision by the central authorities at the highest level to facilitate unconditional humanitarian assistance to the most affected populations. The city of Kinshasa received particular attention in the form of a contribution by the United Nations system to international, largely Italian, efforts to assist the population.

38. All these initiatives have been carried out despite the climate of uncertainty prevailing throughout the country, characterized by potential and actual food shortages, a hard-to-reach population scattered throughout Katanga, and a volatile situation in Kasaï hindering the effective distribution of humanitarian assistance (scattered population, heavy military presence, etc.).

VIII. Prospects for reconstruction

39. In the current crisis, we must not lose sight of the opportunities for change that have emerged in the Democratic Republic of the Congo. But their realization necessarily requires a resolution of the crisis: namely, an end to the conflict, and national reconciliation. With a view to ending the economic crisis, appeals should be made to the international community for assistance in rebuilding the country.

1. Peace and reconciliation

40. First and foremost, it is essential to find a solution to the problems currently impeding the reconstruction of the Democratic Republic of the Congo, a country with immense potential. The establishment of a framework of peace and reconciliation is a sine qua non for the creation of an environment conducive to rehabilitation and the resumption of human development. Any activities undertaken in this regard must reflect the will of political decision-makers to strengthen the peace process; UNDP will further this aim by supplying material and technical support to the various bodies created to sustain it

2. Preparing a reconstruction strategy

41. Concurrently, assistance should be provided to the Government for the preparation of a development strategy, which should include the following elements: financial stabilization, reform, reconstruction and development.

42. At the meeting of "Friends of the Congo", most donors expressed their wish to make future contributions in the context of a coherent medium- and long-term reconstruction and socio-economic development programme. Although the document submitted in Brussels represents a good beginning, the donors have suggested that it should be supplemented by:

(a) A medium-term structural reform programme;

(b) Credible measures to attract support from economic agents and donors;

(c) Improved definition of priorities;

(d) Improved role-sharing by the various actors;

(e) Improvement of conditions in the private sector;

(f) Efforts to find a solution to the problem of external debt.

43. The Government must do its utmost to prepare the programme immediately with a view to facilitating its implementation as soon as the minimum conditions for peace and security have been established.

3. Resumption of structural cooperation

44. Once the minimum conditions for peace and security have been established, the Government should hold discussions with IMF and the World Bank, this being the prerequisite for an effective resumption of structural cooperation with the international community. First and foremost, an agreement should be reached to stabilize payment arrears owed to IMF. Such an agreement would send an important signal in the resumption of the macroeconomic dialogue.

45. The new framework should also allow the Democratic Republic of the Congo to find a lasting solution to the problem of its external debt, in particular through the development of a programme which would allow it to benefit from the Heavily Indebted Poor Countries Debt Initiative.